

**State of Utah****Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

January 12, 2007

Erwin, Sass, General Manager
Canyon Fuel Company, LLC
P.O. Box 1029
Wellington, Utah 84542

Subject: Conditional Approval of As-Builts for Pace Canyon Fan Portal, Canyon Fuel Company, LLC, Dugout Canyon Mine, C/007/0039, Task ID #2700, Outgoing File

Dear Mr. Sass:

The Division received your application to revise the approved information in the Dugout Canyon MRP to include "as-built" information for the facilities associated with the Pace Canyon Fan Portal installation on November 15, 2006.

The submitted information contained revised / updated information relative to Chapter 5, Engineering and Chapter 7, Hydrology of the Dugout Canyon MRP.

The Division's technical review team has completed its review and determined that the submitted information is complete.

One deficiency has been identified, which is relative to pagination. That deficiency is described as follows:

R645-301-121.200- The Permittee should address the pagination discrepancies with recently submitted Pages 7-79 and 7-89. Pages 7-79 and 7-89 of the submittal do not correspond with pages 7-79 and 7-89 of the approved MRP. In addition, the Permittee should insure that the text revisions brought about by this submittal do not affect the continuity or the pagination of the information presented before and after the submitted pages.

- The information contained on Page 7-79 of the submittal appears to be located on page 7-74 of the approved MRP.
- The information contained on Page 7-89 of the submittal appears to be located on page 7-90 of the MRP.

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Erwin Sass
January 12, 2007

Please correct the aforementioned and submit the revised / corrected pages in the six clean copies which are required for the incorporation process.

Upon verification that the pagination errors have been corrected, one of the clean copies will be stamped "incorporated" and returned to you for insertion into your mining and reclamation plan for the Dugout Canyon Mine.

Final approval of the application will also be given at that time.

As the approved information is relative to the implemented operational structures, an update of the Master Technical Analysis has been determined as being unnecessary.

If you should have any questions, please call me at (801) 538-5286 or Peter Hess, Team Lead, at (435) 613-1146, Ext. 203.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Wayne Hedberg". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

D. Wayne Hedberg
Permit Supervisor

PHH/sd
cc: Price Field Office
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